



EQUITY RESEARCH/UPDATE/CONSUMER CYCLICALS /FOLLI FOLLIE S.A

19/09/16

We retain our thesis for Folli Follie's fair estimated valuation to 24.00Euros/Share rating the share price as Fair.

According to the HY16 published results, the Group continued its ongoing strong upward trend in Total revenues (up 9.80% from the first half of 2015). The Jewelry sector appears to be able to surpass our full year sales growth estimates (2%) as the strong Q2'16 indicates a growth rate similar to FY'15 (+15%)

Department and Retail sectors confirmed the upward growth trend from FY15 as well, beating our estimates for a 2% increase on a full year basis as the reported revenues figures showed a 5% growth on a HY basis respectively.

Overall Sales came out at 652.6mn Euros vs the 613mn Euros we had projected, EBITDA were 148.7mn Euros vs our estimates for 124.6mn Euros and bottom line earnings resulted at 99.3mn Euros, vs our projections of 74.4mn.

Apart from the surprise in overall sales performance we need to indicate that what we still regard as more satisfactory is the Group's ability to keep the operating expenses at a level that guarantees overall profitability despite the rapid growth in Revenues. In addition, we are further satisfied as we captured the reduction in the gross profit margin which is in line with our estimates for the following periods. Finally we should not disregard the ongoing uncertainty in the Hellenic Market and the low "visibility" environment of the Chinese market (where the Group yields the majority of its Sales) as factors of concern regarding the accuracy of our projections.

In summary, we believe that the healthy capital structure of the Group and the majority of operations which do not fully relate to the Hellenic environment enable us to stick to our previous thesis of 24 Euros/Share which corresponds to the best case scenario of 6.50% Risk free rate (as opposed to Fair estimated value of 18.52 Euros/Share according to our base case scenario thesis of 8,50% Risk free rate).

Symbol: FFGRP

Market: ATHENS STOCK EXCHANGE

THESIS: FV

FAIR EST. VALUE:
24.00Euros/Share

Closing Price (16/09/16): 21.07 Euros/Share

Market Cap.: (1.410mn.)

P/E: 7.00

Ρήτρα Περιορισμού Ευθύνης:

Απαγορεύεται η αναδημοσίευση του παρόντος χωρίς την άδεια της Ν. ΧΡΥΣΟΧΟΪΔΗΣ ΧΡΗΜΑΤΙΣΤΗΡΙΑΚΗΣ Α.Ε.Π.Ε.Υ. Οι απόψεις που περιέχονται βασίζονται σε πηγές που θεωρούνται αξιόπιστα. Η Ν. ΧΡΥΣΟΧΟΪΔΗΣ ΧΡΗΜΑΤΙΣΤΗΡΙΑΚΗ Α.Ε.Π.Ε.Υ. δεν ευθύνεται για την εγκυρότητα, ορθότητα ή αξιοπιστία τους και διατηρεί το δικαίωμα αλλαγής τους χωρίς πρότερη ειδοποίηση. Τόσο η Ν. ΧΡΥΣΟΧΟΪΔΗΣ ΧΡΗΜΑΤΙΣΤΗΡΙΑΚΗ Α.Ε.Π.Ε.Υ. όσο και οι διευθύνοντες και υπάλληλοι της δεν φέρουν ουδεμία ευθύνη για οποιαδήποτε συνέπεια των πληροφοριών αυτών. Το παρόν δεν αποτελεί προσφορά, προτάση για αγορά ή πώληση μετοχών ή άλλων κινητών αξιών. Οι επενδύσεις που αναφέρονται ενδέχεται να μην είναι οι ενδεδειγμένες για ορισμένους επενδυτές.

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